

1 IN THE UNITED STATES DISTRICT COURT

2 FOR THE SOUTHERN DISTRICT OF TEXAS

3 MCALLEN DIVISION

4 UNITED STATES OF AMERICA § CASE NO. 7:19-CR-01995-02
5 VERSUS § MCALLEN, TEXAS
6 § FRIDAY,
§ MAY 22, 2020
SUNIL WADHWANI § 3:28 P.M. TO 4:22 P.M.

7
8 RE-ARRAIGNMENT

9 BEFORE THE HONORABLE RICARDO H. HINOJOSA
10 UNITED STATES DISTRICT JUDGE

11
12 APPEARANCES: (SEE NEXT PAGE)
13 COURT RECORDER: ANTONIO TIJERINA
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APPEARANCES:

FOR THE GOVERNMENT:

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ALSO ATTENDING:

US PROBATION OFFICER
Melinda Tobias

1 MCALLEN, TEXAS; FRIDAY, MAY 22, 2020; 3:28 P.M.

2 THE COURT: Criminal No. M-19-1995-02,
3 United States of America versus Sunil Wadhwani.

4 MR. LOPEZ: Good afternoon, Your Honor.

5 Bobby Lopez, on behalf of the Government, present
6 and ready.

7 MR. SALINAS: Your Honor, Rick Salinas along with
8 Michael Wynne and David Oliveira, on behalf of Mr. Wadhwani.
9 He's present in the courtroom, ready to proceed.

10 THE COURT: Mr. Wynne, do we still have the issue
11 of his -- the Motion that's been filed by the Government to
12 disqualify him? Mr. Wynne has promised the Court several
13 times that he's going to file the Affidavits of the other
14 individuals that he has represented that might present a
15 potential conflict. To this day, that has not happened so.

16 MR. LOPEZ: Your Honor, if I may? I've been in
17 discussions with Mr. Salinas about this and in regards to
18 the plea happening as well. Once the plea happens,
19 Your Honor, I believe it moots most of the -- if not all of
20 the issues that are currently present within that Motion to
21 Disqualify. The remaining other issues, Your Honor, I
22 believe have been resolved through the waivers that have
23 been filed.

24 THE COURT: I know, but I haven't seen them. And
25 I don't have a problem seeing them at some point.

1 MR. LOPEZ: Yes, sir.

2 THE COURT: And so we can either proceed with this
3 today or Mr. Wynne is going to -- Mr. Wadhwani is going to
4 proceed with Mr. Salinas and Mr. Oliveira as his lawyers for
5 purposes of this hearing today.

6 MR. LOPEZ: And, Your Honor -- and if I may -- I
7 believe the waivers that I'm speaking of are the ones that
8 have already been filed by the Court. I believe the only
9 one that we're awaiting on is on Mr. Garcia, which I believe
10 would moot the issue once the plea has been taken.

11 THE COURT: Well, until I have that happen,
12 Mr. Wynne still has the issue in front of me that you
13 brought up to my attention.

14 MR. LOPEZ: I agree, Your Honor.

15 THE COURT: And we asked for, I think, several
16 waivers.

17 MR. LOPEZ: I agree.

18 THE COURT: Is Mr. Wadhwani willing to proceed in
19 that fashion?

20 MR. SALINAS: Your Honor, I have discussed it with
21 Mr. Wadhwani and I will be, I guess, handling the plea for
22 today, Judge.

23 THE COURT: You guess or are you going to?

24 MR. SALINAS: No, I am, with your permission,
25 Judge.

1 THE COURT: Yes, you and Mr. Oliveira and
2 Mr. Wynne until we end up having either no more conflict
3 after today or -- I really do need to see the waiver forms
4 also.

5 MR. SALINAS: And, I'm sorry, did I --

6 THE COURT: They can be filed under seal. I just
7 need to see them.

8 MR. SALINAS: And, I'm sorry, did I use the word
9 "guess"? But I was asking for permission to be able to
10 proceed on behalf of Mr. Wadhwani.

11 THE COURT: Well, nobody has questioned your
12 ability to go ahead and proceed here --

13 MR. LOPEZ: And, Your Honor --

14 THE COURT: -- nor Mr. Oliveira's. Okay.

15 MR. LOPEZ: Your Honor, I believe the other issue
16 that's there's been discussions with Mr. Salinas is in
17 regards to the other speedy trial Motions, Your Honor.
18 Those will be withdrawn in accordance with the plea,
19 Your Honor.

20 THE COURT: They would not have been granted by
21 the Court anyway because there have been pending motions and
22 in addition to the fact of the situation we're in. With
23 regards to the ability to proceed with trials and everything
24 else, that would not have presented a problem either.

25 MR. SALINAS: That's correct, Judge.

1 THE COURT: But you are withdrawing those, right?

2 MR. SALINAS: That's correct.

3 THE COURT: Okay. Is your client here?

4 MR. SALINAS: Yes, Your Honor.

5 May he approach?

6 THE COURT: Yes.

7 MR. SALINAS: Your Honor, can I approach with a
8 facemask?

9 THE COURT: Well, you need to keep your distance.

10 MR. SALINAS: Right.

11 THE COURT: You actually can do it from over
12 there.

13 MR. SALINAS: Okay. Thank you.

14 THE COURT: And probation officer can move up here
15 if you want to.

16 (Pause/voices off record.)

17 THE COURT: You can move the microphone to -- you
18 don't have to be right on top of it, Mr. Wadhwani. We'll be
19 able to hear you.

20 DEFENDANT WADHWANI: Okay.

21 THE COURT: Okay. Criminal No. M-19-1995, United
22 States of America versus Sunil Wadhwani.

23 The Government has indicated they're present and
24 ready. The Defense is present and ready.

25 Mr. Wadhwani's present and ready with Mr. Oliveira

1 and Mr. Salinas as his lawyers; is that right?

2 MR. SALINAS: That's correct, Judge.

3 MR. OLIVEIRA: Yes, sir.

4 THE COURT: This is a change in plea?

5 MR. SALINAS: That's correct, Judge.

6 THE COURT: We do have some people attending by
7 phone.

8 Can you please announce yourselves?

9 MS. AREVALO: Diana Arevalo with *The Monitor*,
10 Your Honor.

11 MR. HENDRICKS: Dave Hendricks with Channel 5.

12 THE COURT: Is anybody else on the phone?

13 (No audible response.)

14 THE COURT: The only thing I'd ask of those of you
15 who are attending by phone, the policy normally would be
16 that if we weren't under the present situation, you could be
17 present in the courtroom. The only situation here is that I
18 do ask you that you not -- recorded anyway what's going on
19 here obviously. People can buy the tape from -- not the
20 tape but the -- actually the system itself works so that you
21 can actually buy the copy of what's going on here, but as
22 far as you taping it, the Court would ask you not to do
23 that.

24 Are you all in agreement to this?

25 MS. AREVALO: Yes, Your Honor.

1 MR. HENDRICKS: Yes, Your Honor.

2 MS. AREVALO: But just a little bit hard to hear
3 the Defendant and his attorneys.

4 THE COURT: You what?

5 MS. AREVALO: It's a little bit hard to hear the
6 Defendant and his attorneys, Your Honor.

7 THE COURT: Okay. If it's hard for you, it would
8 be hard for me also so they are going to be standing close
9 to their microphones and will be able to speak so that we
10 all can hear them.

11 MS. AREVALO: Thank you.

12 THE COURT: Since this is a change in plea,
13 Mr. Wadhwani, if you would please raise your right hand so
14 you can be sworn in, sir?

15 (Defendant sworn.)

16 THE COURT: Mr. Wadhwani, do you understand that
17 having been sworn all your answers to my questions have to
18 be truth and if they are not, you are subjecting yourself to
19 the penalties of perjury and/or of making a false statement;
20 do you understand that, sir?

21 DEFENDANT WADHWANI: I do, Your Honor.

22 THE COURT: What is your full, true and correct
23 name, sure?

24 DEFENDANT WADHWANI: Sunil Mawandas (phonetic)
25 Wadhwani.

1 THE COURT: And, sir, it's my understanding that
2 today you would like to change your plea from not guilty to
3 guilty with regard to one of the charges contained against
4 you in the Indictment. In the United States, when a person
5 pleads guilty, they give up some very important rights. I'm
6 going to explain some of these to you.

7 If at any point you did not understand something
8 that I said or you did not hear something that I said, would
9 you please stop me and let me know?

10 DEFENDANT WADHWANI: Yes, Your Honor.

11 THE COURT: If any point you would like to visit
12 with your lawyers, if you would just inform the Court, you
13 can visit with them privately before you answer any question
14 or make any statement.

15 DEFENDANT WADHWANI: Yes, Your Honor.

16 THE COURT: How old are you now, sir?

17 DEFENDANT WADHWANI: Excuse me, Your Honor?

18 THE COURT: How old are you now, sir?

19 DEFENDANT WADHWANI: I'm 57, Your Honor.

20 THE COURT: How far have you gone in school, sir?

21 DEFENDANT WADHWANI: High school and one year of
22 college.

23 THE COURT: And so you went -- you obviously speak
24 and understand and read and write English.

25 DEFENDANT WADHWANI: Yes, Your Honor.

1 THE COURT: Have you ever been treated by a doctor
2 or admitted to a hospital for a mental disease or mental
3 disorder of any kind?

4 DEFENDANT WADHWANI: No, Your Honor.

5 THE COURT: Mr. Wadhwani, have you at any point
6 taken any narcotic drugs, medicine or pills or drunk any --
7 have you don't the last 24 hours taken any kind of drugs,
8 medicine or pills or drunk any alcoholic beverages?

9 DEFENDANT WADHWANI: No, Your Honor.

10 THE COURT: Mr. Salinas or Mr. Oliveira, do you
11 all have any doubt as to his competence to understand these
12 proceedings and to enter a knowing plea at this time?

13 MR. SALINAS: Your Honor, I have no doubt as to
14 his competence.

15 THE COURT: The Court is going to find that
16 Mr. Wadhwani is competent to understand these proceeding and
17 to enter a knowing plea in his case.

18 Sir, have you had an opportunity to discuss your
19 case with your lawyer?

20 DEFENDANT WADHWANI: Yes, I have, Your Honor.

21 THE COURT: Are you satisfied with the way they
22 have represented you?

23 DEFENDANT WADHWANI: Yes, Your Honor.

24 THE COURT: Have you received or seen a copy of
25 the Indictment or the formal charges against you in your

1 case?

2 DEFENDANT WADHWANI: Yes, I have, Your Honor.

3 THE COURT: Have you had sufficient time to visit
4 with your lawyers about the allegations, the charges?

5 DEFENDANT WADHWANI: Yes, Your Honor.

6 THE COURT: Would you please rearraign the
7 Defendant?

8 MR. LOPEZ: Thank you, Your Honor. United States
9 District Court, Southern District of Texas, McAllen
10 Division, United States of America versus Sunil Wadhwani,
11 Criminal No. M-19-1995, Indictment, the Grand Jury charges
12 in Count 1, conspiracy to commit honest services wire fraud,
13 at all times relevant to this Indictment with dates, times
14 and amounts being approximates, relevant individuals and
15 entities.

16 Paragraph 1, Defendant Ricardo Quintanilla, also
17 known as Richard, Quintanilla was a businessman who lived
18 and worked in Weslaco, Texas.

19 Paragraph 2, Defendant Sunil Wadhwani was a
20 businessman who lived and worked in McAllen, Texas.

21 Paragraph 3, Person A is a business associate of
22 Defendant Wadhwani.

23 Paragraph 4, Person B is a resident of the Rio
24 Grande Valley located in the State of Texas.

25 Paragraph 5, Commissioner A was a commissioner of

1 the Weslaco City Commission and Economic Development
2 Corporation of Weslaco board member during all times
3 relevant to this Indictment.

4 General allegations, the Economic Development
5 Corporation of Weslaco.

6 Paragraph 6, the Economic Development Corporation
7 of Weslaco herein after "the Corporation" is a nonprofit
8 corporation specifically governed by the Texas Development
9 Corporation Act as amended, Texas Local Government Code
10 Chapter 501 therein after referred to as the "Development
11 Corporation Act." The purpose of the Corporation is to
12 promote, assist and enhance economic and industrial
13 development in accordance with the Articles of
14 Incorporation. The Corporation shall have no members.

15 Paragraph 7, the business and affairs of the
16 Corporation and all corporate power shall be exercised or
17 under the authority of the Board of Directors herein after
18 "the Board" appointed by the governing body of the City of
19 Weslaco in the manner provided in Article VI of the Articles
20 of Incorporation as from time to time amended and subject to
21 the applicable limitations imposed by the Development
22 Corporation Act, the Texas Nonprofit Corporation Act, the
23 Texas Business Corporation Act, the Articles of
24 Incorporation and these bylaws as each are from time to time
25 amended. The Board may be contract, resolution or otherwise

1 give general or limited or special power and authority to
2 the officers and employees of the Corporation to transact
3 the general business or any special business of the
4 Corporation and may give powers of attorneys to the agents
5 of the Corporation to transact any special business
6 requiring such authorization.

7 Paragraph 8, the Board may plan and direct its
8 work through the executive director of the Corporation who
9 will be charged with the responsibility of carrying out the
10 programs as adopted and planned by the Board.

11 Paragraph 9, for the purpose of convening a
12 meeting and transacting a business, a quorum shall consist
13 of four directors. In addition to such quorum requirement,
14 any action taken by the Board shall require the affirmative
15 vote of the Board of Directors.

16 Paragraph 10, the directors must be present in
17 order to vote at any meeting. In the event that a director
18 is aware of a conflict of interest or potential conflict of
19 interest with regard to any particular vote, the director
20 shall bring the same to the attention of the meeting and
21 shall abstain from the vote. The termination of a conflict
22 of interest shall be made in accordance with Chapter 171 of
23 the Texas Local Government Code.

24 Paragraph 11, the elected officers of the
25 Corporation shall be a president, vice-president, secretary

1 and treasurer. Such officers shall have the authority to
2 perform the duties of the offices as the Board may from time
3 to time prescribe. Any two or more offices may be held by
4 the same person except the office of the president and
5 secretary. All elected officers shall be members of the
6 Board of Directors.

7 Paragraph 12, the president and secretary shall
8 execute any contracts or other instruments which the Board
9 has approved and authorized to be executed provided however
10 that the Board may, by appropriate resolution, authorize any
11 other officer or officers or any other agent or agents
12 including the executive director of the Corporation to enter
13 into contracts or execute and deliver any instrument in the
14 name and on behalf of the Corporation. Notwithstanding
15 anything to the contrary, the Corporation shall not make any
16 commitment to disburse or for the disbursement of any funds for
17 any one project in excess of 10 percent of the total gross
18 annual revenues of the Corporation or be \$100,000, whatever
19 is greater, without the prior approval of the City
20 Commission. In February of 2013, four members of the
21 Corporation were removed and replaced by Weslaco City
22 Commissioners including Commissioner A, the Weslaco City
23 Commission.

24 Paragraph 14, the Texas Constitution and the laws
25 of the State of Texas and the Charter of the City of Weslaco

1 establish ethical standards of conduct for elected public
2 officials including Weslaco City commissioners. These
3 standards include an oath to faithfully execute the duties
4 of the office of commissioner and to preserve, protect and
5 defend the Constitution and the laws of the United States
6 and the State of Texas. Accordingly, commissioners owe a
7 fiduciary duty to the City of Weslaco, the Commission and
8 the people of the City of Weslaco.

9 Paragraph 15, as officials in the City Government,
10 Weslaco City commissioners including Commissioner A owed a
11 fiduciary duty to the City of Weslaco and to its citizens to
12 perform the duties and responsibilities of their free from
13 corrupt influence. As elected officials in the State of
14 Texas, Weslaco City commissioners swore to uphold the United
15 States constitution, the Texas Constitution and the laws of
16 the State of Texas and to faithfully execute the duties of
17 their office.

18 Paragraph 16, the Weslaco City Commission is
19 authorized to take official action only when a quorum, a
20 majority of duly-elected commissioners, is present. When a
21 quorum was present, the commission could act based on a
22 majority vote.

23 Paragraph 17, pursuant to the Texas Open Meetings
24 Act, the Texas Government Code annotated Section 551, the
25 Commission, as a city government in Texas, was authorized to

1 conduct official business only after providing at least 72
2 hours of public notice of the time, place and the subject
3 matter of the meeting. Such meetings were generally
4 required to be made open to the public with closed meetings
5 and executive sessions permitted under only narrowly-drawn
6 exceptions.

7 The Motel 6 project in Weslaco, Texas.

8 Paragraph 18, during 2013, the Corporation entered
9 into a development agreement providing \$300,000 of
10 incentives to Nolana Self Storage, LLC doing business as
11 Motel 6 herein after "NSS," a company owned by Wadhwani to
12 construct a Motel 6 in Weslaco, Texas. The finalized terms
13 of the Development Agreement provided that payment would be
14 provided by the Corporation as follows: 150,000 upon the
15 pouring of the concrete foundation and 150,000 upon the
16 Corporation's receipt of a copy of the Certificate of
17 Occupancy but no earlier than October 14th, 2014;

18 Paragraph 19, because the Development Agreement
19 referenced in paragraph 18 exceeded \$100,000, it required
20 and received the approval of the Weslaco City Commission.

21 The conspiracy.

22 Paragraph 20, from at least April 2013 through in
23 or about November 2014 in the Southern District of Texas and
24 elsewhere, Ricardo Quintanilla and Sunil Wadhwani, Person A,
25 Person B and Commissioner A did knowingly combine, conspire,

1 confederate and agree with one another and with others known
2 and unknown to the Grand Jury to devise and intent to devise
3 a scheme and artifice to defraud and to deprive by means of
4 material false and fraudulent pretenses representations and
5 promises and to transmit and cause to be transmitted by
6 means of wire communication and interstate commerce any
7 writings, signs, signals, pictures and sounds for the
8 purpose of executing the scheme and artifice to defraud and
9 deprive, that is, to deprive the City of Weslaco, the
10 Weslaco City Commission, the Corporation and the citizens of
11 Weslaco of their right to the honest services of
12 Commissioner A through bribery, in violation of Title 18,
13 United States Code, Section 1343 and 1346.

14 The scheme to defraud.

15 Paragraph 21, from in or about April 2013 through
16 in or about November 2014 in the Southern District of Texas
17 and elsewhere, the Defendant, Sunil Wadhwani, Ricardo
18 Quintanilla, Person A, Person B and Commissioner A and
19 others known and unknown to the Grand Jury devised and
20 intended to devise a scheme and artifice to defraud and to
21 deprive the City of Weslaco, the Weslaco City Commission,
22 the Corporation and the citizens of Weslaco of their
23 intangible right to the honest services of Commissioner A,
24 an elected official, through bribery.

25 The purpose of the conspiracy.

1 Paragraph 22, the purposes of the conspiracy
2 included but were not limited to the following:

3 Paragraph 23, Wadhwani to enrich himself by
4 receiving incentive payments to construct and develop a
5 Motel 6 in Weslaco, Texas in exchange for the payment of
6 bribes;

7 Paragraph 24, Quintanilla to enrich himself by
8 keeping a portion of the bribe funds paid to him by Wadhwani
9 and then pay the remainder of the bribe funds to Person B
10 and Commissioner A;

11 Paragraph 25, for Commissioner A to enrich himself
12 or herself by accepting bribes in exchange for using his
13 official position as a Weslaco City Commissioner and
14 Corporation board member to take official acts to benefit
15 and help Wadhwani's business receive incentive payments;

16 Paragraph 25, for Person B to enrich himself or
17 herself by keeping a portion of the bribe funds paid to him
18 by Wadhwani through Quintanilla.

19 Manner and means of the conspiracy.

20 Paragraph 27, the manner and means by which the
21 Defendants carried out the conspiracy included but were not
22 limited to the following:

23 Paragraph 28, Wadhwani, Quintanilla, Person A,
24 Person B and/or Commissioner A met at locations in the
25 Southern District of Texas and elsewhere to discuss the

1 official action that would be taken to benefit Wadhwani and
2 his business entities;

3 Paragraph 29, Wadhwani paid thousands of dollars
4 to Quintanilla who would then funnel bribe payments to
5 Person B and Commissioner A in efforts to conceal the nature
6 and source of the bribes;

7 Paragraph 30, in order to conceal the scheme and
8 bribe payments to Commissioner A, Wadhwani, Quintanilla,
9 Person A and Person B circulated a drafted a fictitious
10 consulting services agreement between a business entity
11 owned by Wadhwani and a business entity owned by Person B;

12 Paragraph 31, Commissioner A cast votes to approve
13 and modify a development agreement which included incentive
14 payments to a business entity owned by Wadhwani in exclude
15 for bribe payments;

16 Paragraph 32, Wadhwani, Quintanilla, Person A,
17 Person B and Commissioner A and their coconspirators used
18 wire communications and interstate commerce such a mobile
19 messaging applications, emails and interstate bank transfers
20 in furtherance of their scheme to defraud.

21 Over acts.

22 Paragraph 33, in furtherance of the conspiracy and
23 in order to accomplish its objectives, Wadhwani,
24 Quintanilla, Person A, Person B, Commissioner A and their
25 coconspirators committed the following overt acts among

1 others in the Southern District of Texas and elsewhere.

2 Paragraph 34, by at least 2013, Defendants
3 Wadhwani, Quintanilla, Person A, Person B, Commissioner A
4 and others devised a scheme to funnel bribe payments in
5 exchange for awarding a development agreement with favorable
6 terms to construct and develop a Motel 6 in Weslaco, Texas.

7 Paragraph 35, on April 25th, 2013, Person A emails
8 Quintanilla utilizing email address rick9365@gmail.com
9 requesting Quintanilla review a letter that would be sent to
10 the Corporation advising them of Wadhwani's intent to build
11 and operate a Motel 6 in Weslaco, Texas.

12 Paragraph 36, on or about April 25th, 2013,
13 Wadhwani submitted an incentive application to the
14 Corporation proposing a Motel 6 to be built in Weslaco,
15 Texas. The executive director of the Corporation's
16 preliminary recommendation was to provide a \$300 incentive
17 reimbursement based on a documented total project
18 expenditure of \$3 million to include soft and hard costs for
19 the development plus land costs.

20 Paragraph 37, in May of 2013, Wadhwani received a
21 letter of commitment from International Bank requiring
22 150,000 in funding from the Corporation prior to receiving
23 \$2,830,500 in funds from International Bank to construct a
24 Motel 6 in Weslaco, Texas. In order to obtain the funds and
25 construct the Motel 6, Defendants took the following actions

1 described in the following paragraphs:

2 Paragraph 38, on or about May 1st, 2013, Wadhwani
3 obtained a letter of commitment advising Wadhwani that
4 International Bank had approved a \$2,830,500 for the purpose
5 of construction and permanent financing for the proposed
6 Motel 6 in Weslaco, Texas. One condition of the loan was
7 that Wadhwani would provide proof that \$150,000 in funding
8 from the Corporation be in place prior to receiving any
9 funds from International Bank;

10 Paragraph 39, on May 2nd, 2013, Person A emailed
11 the executive director of the Corporation a letter of intent
12 advising the Corporation of Wadhwani's intent to build and
13 operate a Motel 6 in Weslaco, Texas. This was the same
14 letter Person A sent to Quintanilla on April 25th, 2013;

15 Paragraph 40, on May 8th, 2013, at a special
16 meeting for the Corporation, Wadhwani, Person A and others
17 representing themselves as the company Sarina Group, Limited
18 herein after "Sarina Group" made a presentation regarding
19 the Motel 6 project to the Corporation. An incentive of up
20 to \$300,000 to Sarina Group for the Motel 6 project was
21 unanimously approved including a vote from Commissioner A;

22 Paragraph 41, on May 9th, 2013, Person A emailed
23 the executive director of the Corporation requesting any
24 news regarding Sarina Group's request. The executive
25 director of the Corporation advised the Corporation

1 authorized an incentive of up to \$300,000 based on an
2 investment of \$3 million including soft and hard costs of
3 the project plus land. In addition, the next step would be
4 for the Weslaco City Commission to approve the incentive
5 payment;

6 Paragraph 42, on May 15th, 2013, Wadhwani received
7 a letter via email notifying Sarina Group of the
8 Corporation's authorization of an incentive up to \$300,000.
9 The \$300,000 incentive payable would be made as follows:
10 50,000 upon certificate of occupancy, five yearly payments
11 of \$50,000 on the anniversary date of the certificate of
12 occupancy;

13 Paragraph 43, May 15th, 2013, Person A emailed the
14 executive director of the Corporation requesting half the
15 funds be available at the beginning of the project due to
16 stipulations associated with the bank loan. In addition,
17 Person A requested the Corporation to release the remaining
18 150,000 by the end of the year. On May 23rd, 2013, Person A
19 emailed the executive director of the Corporation a letter
20 on behalf of Wadhwani formally requesting the incentive be
21 frontloaded and that 50 percent of the funds be available
22 when the project breaks ground;

23 Paragraph 44, on May 29th, 2013, Wadhwani received
24 a copy of the letter via email detailing the revision of the
25 incentive payments. The letter detailed that based upon

1 Sarina Group's request to provide more funding at the
2 inception of the project and based on the Corporation's
3 requirement that the funding be performance based, the
4 executive director of the Corporation proposed the
5 following: 25,000 upon approval of the underground plumbing
6 inspection; 25,000 upon approval of the foundation
7 inspection; 25,000 upon the approval of the rough-in
8 inspection; 25,000 upon approval of the ceiling inspection;
9 25,000 upon approval of the fire cover-up inspection; 25,000
10 upon approval of the final inspection; 75,000 upon the
11 receipt of the Certificate of Occupancy and open for
12 business; 75,000 upon the first anniversary of the business
13 opening. The executive director of the Corporation advised
14 the Motel 6 project would be presented to the Weslaco City
15 Commission at the meeting scheduled on June 4th, 2013 and
16 that the incentive offer is subject to approval by the
17 Weslaco City Commission and final negotiation of the terms
18 of the Development Agreement;

19 Paragraph 45, on June 4th, 2013, at a regular
20 meeting of the Weslaco City Commission, the Weslaco City
21 Commission authorized a development agreement between the
22 Corporation and Sarina Group that provided an incentive of
23 over \$100,000. The motion carried unanimously including a
24 vote from Commissioner A;

25 Paragraph 46, on June 28th, 2013 during a special

1 meeting of the Corporation, the executive director of the
2 Corporation resigned and was replaced with an interim
3 executive director of the Corporation. Commissioner A
4 approved the resignation and placement of the interim
5 executive director of the Corporation;

6 Paragraph 47, on or about July 30th, 2013,
7 Wadhwani received a letter detailing a revision of the
8 incentive payments. The letter detailed that based upon
9 Sarina Group's request to provide more funding at the
10 inception of the project and based on the Corporation
11 requirement that funding be performance based, the interim
12 executive director of the Corporation proposed the
13 following: 75,000 upon completion of the foundation; 75,000
14 upon completion of the third floor framing; 75,000 upon
15 receipt of a copy of the Certificate of Occupancy; and
16 75,000 on the first anniversary of the Certificate of
17 Occupancy;

18 Paragraph 48, on August 21st, 2013, during a
19 regular meeting of the Corporation, the Corporation
20 authorized a revision of the method of earning the incentive
21 by Sarina Group and authorized the interim executive
22 director of the Corporation to present the revised method of
23 earning the incentive and to prepare and execute the
24 Development Agreement. Commissioner A voted for and
25 supported the revision;

1 Paragraph 49, on August 23rd, 2013, Sunil Wadhwani
2 was provided a letter via email detailing a revision of the
3 incentive payments. The letter detailed that at the
4 Corporation's meeting held on August 21st, 2013, the
5 Corporation authorized a revision of the incentive payout as
6 follows: 150,000 upon the pouring of the concrete
7 foundation; 150,000 upon the Corporation's receipt of a copy
8 of the Certificate of Occupancy;

9 Paragraph 50, on September 30th, 2013, during a
10 special meeting of the Corporation, the interim executive
11 director of the Corporation was removed and replaced with
12 another interim executive director of the Corporation.
13 Commissioner A supported for and voted for the removal of
14 the interim executive director of the Corporation;

15 Paragraph 51, on September 30th, 2013, during a
16 special meeting of the Corporation, the Corporation again
17 authorized a modification of the Development Agreement to
18 authorize interim executive director of the Corporation to
19 present the modification to the Development Agreement and to
20 prepare and to execute the modification to the Develop
21 Agreement. The motion carried unanimously including a vote
22 of approval from Commissioner A for the authorization of the
23 modification.

24 Paragraph 52, on October 4th, 2013, Wadhwani was
25 provided a letter via email detailing a revision of the

1 incentive payments. The letter detailed that at the
2 Corporation's meeting held on September 30th, 2013, the
3 Corporation authorized a revision of the incentive payout as
4 follows: 150,000 upon pouring of the concrete foundation;
5 150,000 upon the Corporation's receipt of a copy of the
6 Certificate of Occupancy by no earlier than October 14th,
7 2014;

8 Paragraph 53, on December 2nd, 2013, Wadhwani
9 signed the Development Agreement with the Corporation for
10 the Motel 6 project. However the Development Agreement was
11 between the Corporation and NSS;

12 Paragraph 54, on December 23rd, 2013, Person A
13 provided the interim executive director of the Corporation
14 supporting documents as evidence of the completion of NSS'
15 obligation and requested the release of the first payment of
16 150,000;

17 Paragraph 55, on or about December 31st, 2013, the
18 Corporation wrote a check in the amount of \$150,000 to NSS.
19 On or about January 3rd, 2014, said check was deposited into
20 a bank account for which Wadhwani is an authorize signer;

21 Paragraph 56, on or about November 1st, 2014, the
22 Corporation wrote a check from a BBVA Compass Bank account
23 in the amount of \$150,000 to NSS. On or about November 3rd,
24 2014, said check was deposited into an international bank
25 account. Wadhwani is an authorized signer for this account;

1 Paragraph 57, on December 27th, 2013, after the
2 Development Agreement between the Corporation and NSS had
3 been signed, Person A sent Quintanilla a purported
4 consulting services agreement between NSS and Person B. The
5 Consulting Services Agreement contained handwritten notes,
6 edits and requested revisions.

7 Bribe payments.

8 Paragraph 58, in order to obtain the Development
9 Agreement containing over 300,000 in incentive agreements
10 from the Corporation, City of Weslaco, Wadhwani paid
11 thousands of dollars in bribe payments to Quintanilla who in
12 turn provided portions of the bribe payments to Person B and
13 Commissioner A.

14 Paragraph 59, in return for the receipt of the
15 bribe payments, Commissioner A agreed to vote favorably for
16 the Development Agreement and its revisions as a board
17 member for the Corporation and as a Weslaco City
18 commissioner.

19 Mr. Wadhwani, to the charge contained in Count 1
20 of the Indictment, how do you plead, guilty or not guilty?

21 DEFENDANT WADHWANI: Guilty.

22 THE COURT: Mr. Wadhwani, you do understand that
23 under the Constitution and laws of the United States, you
24 can if you want to plead not guilty. And if you plead not
25 guilty, then you have a trial by a jury or a judge on the

1 charges contained in the Indictment against you.

2 Do you understand that?

3 DEFENDANT WADHWANI: I do, Your Honor.

4 THE COURT: Do you also understand that at a
5 trial, you would have the right to the assistance of a
6 lawyer whether you could afford one or not? And if you
7 could not afford one, the Court would appoint one to
8 represent you at all stages of the proceedings against you
9 at no cost to you.

10 Do you understand that?

11 DEFENDANT WADHWANI: I do, Your Honor.

12 THE COURT: Do you also understand that at a
13 trial, you would be presumed to be innocent and the
14 Government would have to overcome that presumption and prove
15 you guilty by competent evidence and beyond a reasonable
16 doubt and it would not be up to you to prove your innocence.

17 Do you understand that, sir?

18 DEFENDANT WADHWANI: I do, Your Honor.

19 THE COURT: Do you also understand that in the
20 course of a trial, the witnesses for the Government would
21 have to come into the courtroom and testify in your presence
22 and in the presence of your attorney? Your attorney could
23 cross-examine the witnesses for the Government, object to
24 any evidence offered by the Government and present any
25 evidence on your behalf that you might want to present.

1 Do you understand that?

2 DEFENDANT WADHWANI: I do, Your Honor.

3 THE COURT: Do you also understand that at a trial
4 while you would have the right to take the witness stand and
5 testify if you chose to do so, you would also have your very
6 important constitutional right not to testify and not to
7 incriminate yourself under the Fifth Amendment of the United
8 States Constitution and no one could hold it against you
9 that you did not testify?

10 Do you understand that?

11 DEFENDANT WADHWANI: I do, Your Honor.

12 THE COURT: Do you also understand that if you
13 continue to plead guilty and if I do accept this guilty plea
14 that you're giving up and you're waiving up your right to a
15 trial and these other rights, which I've just mentioned and
16 discussed with you, including any rights which you may have
17 with regards to having any other hearing with regards to any
18 other motions or anything else?

19 Do you understand?

20 DEFENDANT WADHWANI: I do, Your Honor.

21 THE COURT: And that includes any right that you
22 would give up to have any jury determine any sentencing
23 factor in your case.

24 Do you understand that?

25 DEFENDANT WADHWANI: Yes, Your Honor.

1 THE COURT: And do you understand in your case,
2 there would not be a trial and I would simply enter a
3 judgment of guilty and sentence you on the basis of your
4 guilty plea?

5 Do you understand that?

6 DEFENDANT WADHWANI: I do, Your Honor.

7 THE COURT: Do you also understand that if you
8 continue to plead guilty, you give up your right not to
9 testify against yourself and not to incriminate yourself and
10 no one could hold it against you if you do not do that?

11 Do you understand that?

12 DEFENDANT WADHWANI: I do, Your Honor.

13 THE COURT: Are you willing to waive up and give
14 up your right to a trial and these other rights, which I've
15 just mentioned and discussed with you? And that's what
16 happens when you plead guilty so are you willing to do that?

17 DEFENDANT WADHWANI: Yes, Your Honor.

18 THE COURT: You've told me already that you've
19 discussed with your attorney the charges contained in the
20 Indictment against you; is that correct?

21 DEFENDANT WADHWANI: Yes, Your Honor.

22 THE COURT: Do you understand what you're being
23 charged with?

24 DEFENDANT WADHWANI: I do, Your Honor.

25 THE COURT: Do you understand that if you told me

1 that you wanted to plead not guilty to Count No. 1 of your
2 Indictment, that in order to find you guilty, the Government
3 would have to prove at a trial by competent evidence and
4 beyond a reasonable doubt that from on or about April 2013
5 through on or about November 2014, within the jurisdiction
6 of this Court, Person A, Person B and Commissioner A did
7 knowingly combine, conspire, confederate that you and Person
8 A, Person B and Commissioner A did knowingly combine,
9 conspire, confederate and agree with one another and with
10 other persons known and unknown to the Grand Jury to devise
11 and intend to devise a scheme and artifice to defraud and to
12 deprive by means of material false and fraudulent pretenses,
13 representations and promises and to transmit and cause to be
14 transmitted by means of wire communication and interstate
15 commerce any writings, signs, signals, pictures and sounds
16 for the purpose of executing the scheme and artifice to
17 defraud and deprive, that is, to deprive the City of
18 Weslaco, the Weslaco City Commission, the Corporation, as
19 referred to in this Indictment, and the citizens of Weslaco
20 of their right to the honest services of Commissioner A
21 through bribery, in violation of Title 18, US Code, Section
22 1343 and Section 1346.

23 Do you understand that?

24 DEFENDANT WADHWANI: Yes, Your Honor.

25 THE COURT: And that the scheme to defraud was, as

1 alleged here, that from on or about April 2013 through on or
2 about November 2014, in the Southern District of Texas and
3 elsewhere you, Ricardo Quintanilla, Person A, Person B and
4 Commissioner A and others known and unknown to the Grand
5 Jury devised and intended to devise a scheme and artifice to
6 defraud and defraud the City of Weslaco, the Weslaco City
7 Commission, the Corporation, the citizens of Weslaco of
8 their intangible right to the honest services of
9 Commissioner A and elected officials through bribery and
10 that the purpose of this conspiracy included but was not
11 limited to the following:

12 That you were to enrich yourself by receiving
13 incentive payments to construct and develop a Motel 6 in
14 Weslaco, Texas in exchange for the payment of bribes;

15 That Quintanilla to enrich himself by keeping a
16 portion of bribe funds paid to him by you and then pay the
17 remainder of the bribe funds to Person B and Commissioner A;

18 For Commissioner A to enrich himself or herself
19 by accepting bribes in exchange for using his official
20 position -- his or her official position as a Weslaco City
21 Commissioner and Corporation board member to take official
22 acts to benefit and help you, your business receive
23 incentive payments;

24 And that for Person B to enrich himself or herself
25 by keeping a portion of the bribe funds paid to him or her

1 by you through Quintanilla;

2 And that the manner and means of the conspiracy
3 were carried out as alleged in this Indictment -- and that
4 would be on pages 6 through 7 -- that you, Quintanilla,
5 Person A, Person B and Commissioner A met at locations in
6 the Southern District of Texas and elsewhere to discuss the
7 official action that would be taken to benefit you and your
8 business entities;

9 That you paid thousands of dollars to Quintanilla
10 who would then funnel bribe payments to Person B and
11 Commissioner A in efforts to conceal the nature and the
12 source of the bribes;

13 That in order to conceal the scheme and bribe
14 payments to Commissioner A, you, Quintanilla, Person A and
15 Person B circulated and drafted a fictitious consulting
16 services agreement between a business entity owned by you
17 and a business entity owned by Person B;

18 And that Commissioner A cast votes to improve and
19 modify a development agreement which included incentive
20 payments to a business entity owned by you in exchange for
21 bribe payments;

22 And that you, Quintanilla, Person A, Person B and
23 Commissioner A and their coconspirators used wire
24 communications in interstate commerce such a mobile
25 messaging appliances, emails and interstate bank transfers

1 in furtherance of this scheme to defraud;

2 That in furtherance of this conspiracy, the
3 following overt acts, as alleged in page 7 through page 12
4 of this Indictment, were committed to further this
5 conspiracy:

6 In that the bribe payments that in order to obtain
7 the Development Agreement containing over \$300,000 in
8 incentive agreements for the Corporation and City of
9 Weslaco, you paid thousands of dollars in bribe payments to
10 Quintanilla who in turn provided portions of the bribe
11 payments to Person B and Commissioner A;

12 That in return for the receipt of these
13 payments -- bribe payments, Commissioner A agreed to vote
14 favorably for the Development Agreement and its revision as
15 a board member for the Corporation as a Weslaco City
16 commissioner.

17 Do you understand that that's what they would have
18 to prove beyond a reasonable doubt in order for you to found
19 guilty of Count No. 1?

20 DEFENDANT WADHWANI: Exactly, Your Honor.

21 THE COURT: And you've discussed this with your
22 lawyers and they have explained this to you.

23 DEFENDANT WADHWANI: Yes, Your Honor.

24 THE COURT: Mr. Wadhwani, do you know what the
25 maximum sentence is that I could impose on you with regards

1 to the charge contained in Count 1 of your Indictment?

2 DEFENDANT WADHWANI: Twenty years, Your Honor.

3 THE COURT: You do know that it can be up to
4 20 years imprisonment and/or a \$250,000 fine.

5 In addition to that, the Court could -- if it
6 incarcerates you, can impose a supervised-release term of up
7 to three years, which means that when you would be released
8 from prison, you'd be released under supervised release. If
9 you violate any condition of supervised release, that term
10 would be revoked and you would serve that time in custody.

11 In addition to all this, the Court would have to
12 impose a \$100 special assessment against you as required by
13 law.

14 The Court would also have to impose restitution
15 payments as to the amount of loss that would have been
16 suffered by any victim in this case including the City or
17 the Corporation.

18 Do you understand all that?

19 DEFENDANT WADHWANI: I do, Your Honor.

20 THE COURT: And you've had that explained to you
21 by your lawyers?

22 DEFENDANT WADHWANI: Yes, Your Honor.

23 THE COURT: And, Mr. Wadhwani, you're an American
24 citizen, right?

25 DEFENDANT WADHWANI: Yes, I am, Your Honor.

1 THE COURT: Do you need any further explanation as
2 to what the maximum possible punishment is in your case?

3 DEFENDANT WADHWANI: No, sir.

4 THE COURT: And you do understand that -- the
5 Court is going to find that the Defendant understands the
6 nature of the charges to which his plea is offered and
7 certainly aware of what the maximum possible punishment is
8 in his case.

9 Mr. Wadhwani, have you and your attorney talked
10 about the Sentencing Guidelines and what if any effect it
11 might have with regards to your sentencing?

12 DEFENDANT WADHWANI: Yes, Your Honor.

13 THE COURT: Do you understand that I will not be
14 able to determine what guideline sentence might apply in
15 your case until after a presentence report has been
16 completed and you and the Government have had an opportunity
17 to object to that Report; do you understand that?

18 DEFENDANT WADHWANI: Yes, sir.

19 THE COURT: Do you also understand that even after
20 there's been a determination as to what the guideline
21 sentence might be in your case, that based on all the
22 factors that the Court has to consider under the law as to
23 what the appropriate sentence should be in your case, that I
24 can make the decision that any sentence up to the maximum
25 possible punishment, as I explained it to you, could be

1 appropriate sentence regardless of what the guideline
2 determination might be; do you understand that, sir?

3 DEFENDANT WADHWANI: Yes, sir. Yes, Your Honor.

4 THE COURT: Do you also understand that in our
5 federal system, we do not have parole? When a person is
6 sent to prison, they serve the entire imprisonment time in
7 custody and when they get released, they get released on
8 whatever supervised-release term the Court might impose as
9 the time of sentencing; do you understand that, sir?

10 DEFENDANT WADHWANI: Yes, Your Honor.

11 THE COURT: The Court is going to find the
12 Defendant is aware of the Sentencing Guidelines, had a full
13 discussion with his attorney about them.

14 Mr. Wadhwani, has anybody threatened you or forced
15 you to pleading guilty or told you that if you did not plead
16 guilty, further charges or something would -- something else
17 would be charged against you or would be brought against
18 you?

19 DEFENDANT WADHWANI: No, Your Honor.

20 THE COURT: Is there any plea agreement as a
21 result of discussions between the Government and the Defense
22 in this case?

23 MR. LOPEZ: Yes, Your Honor, and it reads in
24 pertinent part that the Defendant agrees to plead guilty to
25 Count 1 of the Indictment and to forfeit to the United

1 States \$4,000 in United States currency which, as the
2 Defendant agrees, was involved in the commission of the
3 offense charged in the Indictment.

4 In exchange, the Government will recommend that
5 the offense level decrease by two levels pursuant to United
6 States Sentencing Guideline, Section 3E1.1(a) if the
7 Defendant clearly demonstrates acceptance of responsibility,
8 and that the remaining count of the Indictment be dismissed
9 at the time of sentencing.

10 THE COURT: Mr. Salinas, is that the plea
11 agreement for your client?

12 MR. SALINAS: That's the plea agreement,
13 Your Honor.

14 THE COURT: Mr. Oliveira, is that correct?

15 MR. OLIVEIRA: That's correct, Your Honor.

16 THE COURT: Mr. Wadhwani, is that your plea
17 agreement with the Government?

18 DEFENDANT WADHWANI: Yes, it is, Your Honor.

19 THE COURT: You do realize also that -- I've not
20 said this to you, but the Court would have to order
21 restitution. If there has been any loss by any entity or
22 any individual as a result of this commission of this
23 conspiracy, I would have to order that you make restitution
24 payments.

25 Do you understand that?

1 DEFENDANT WADHWANI: Yes, Your Honor.

2 THE COURT: Knowing that, does that change your
3 mind as to whether you want to continue to plead guilty?

4 DEFENDANT WADHWANI: Excuse me, Your Honor.

5 THE COURT: Knowing that, does that change your
6 mind as to whether you want to continue to plead guilty?

7 DEFENDANT WADHWANI: No, Your Honor.

8 THE COURT: Any anybody made any prediction or
9 tried to tell you or promise you the exact sentence that's
10 going to be imposed in your case?

11 DEFENDANT WADHWANI: No, sir. No, Your Honor.

12 THE COURT: Knowing everything which I've
13 explained to you this afternoon, Mr. Wadhwani, do you still
14 want to plead guilty?

15 DEFENDANT WADHWANI: Yes, Your Honor.

16 THE COURT: The Court is going to find that the
17 plea of this Defendant is voluntary and not the result of
18 any force or threat or promise other than that recited in
19 his Plea Agreement.

20 I am going to ask the Government's attorney here
21 to state the facts as he and the Government claim they are.
22 Mr. Wadhwani, I want you to listen very closely because when
23 he's finished, I'm going to ask you if what he said about
24 you was true or was there any part of what he said about you
25 that was not true.

1 MR. LOPEZ: Thank you, Your Honor. From at least
2 April 2013 through on or about November 2014, in the
3 Southern District of Texas and elsewhere, Defendant
4 Sunil Wadhwani conspired with Ricardo Quintanilla and others
5 to devise and intend to devise a scheme and artifice to
6 defraud and deprive by means of material false and
7 fraudulent pretenses, representations and promises and to
8 transmit and cause to be transmitted by means of a wire
9 communication in interstate commerce any writings for the
10 purpose of executing a scheme to defraud and deprive the
11 City of Weslaco, Texas, the Weslaco City Commission and the
12 citizens of Weslaco of their right to the honest services of
13 Gerardo Tafolla listed as Commissioner A in the Indictment
14 through bribery.

15 There the relevant time period and as alleged in
16 the Indictment, Defendant Wadhwani and others attempted to
17 procure the receipt of a \$300,000 incentive agreement with
18 favorable payout terms from the Weslaco City Commission and
19 the City of Weslaco to Sarina Group, Limited and/or Nolana
20 Self Storage, LLC through bribery.

21 During the relevant time period, Defendant Sunil
22 Wadhwani began communicating with Leonel Lopez, as listed as
23 Person B in the Indictment, and Ricardo Quintanilla about
24 obtaining such an incentive agreement for Sarina Group,
25 Limited and eventually Nolana Self Storage, LLC from the

1 Weslaco EDC and the City of Weslaco to assist in funding the
2 construction of a Motel 6 in Weslaco, Texas.

3 Wadhwani agreed with Quintanilla and others to pay
4 bribes through Quintanilla to a person who turned out to be
5 Gerardo Tafolla, a Weslaco City commissioner and Economic
6 Development Corporation board member, to obtain the votes
7 needed from the City of Weslaco and the Weslaco Economic
8 Development Corporation to obtain and to leave intact said
9 incentive agreement in the form in which it was ultimately
10 adopted.

11 In efforts to gain such an incentive agreement,
12 coconspirators including Wadhwani also received or caused
13 various emails in interstate commerce to be sent in
14 furtherance of the conspiracy to defraud. Several of these
15 emails are listed within paragraphs 35 through 54 of the
16 Indictment.

17 In December 2013, the Weslaco Economic Development
18 Corporation, with the approval of the City of Weslaco,
19 approved an incentive agreement for \$300,000 for Nolana Self
20 Storage, LLC to assist with the construction of a Motel 6 in
21 Weslaco, Texas. The Agreement was also later signed by
22 Defendant Wadhwani.

23 As a result of and as payment for obtaining the
24 incentive agreement and for preserving its effect, Defendant
25 Wadhwani paid a bribe of at least \$4,000 to an official who

1 turned out to be Commissioner Gerardo Tafolla that was
2 funneled through Defendant Ricardo Quintanilla. The bribe
3 was paid in exchange for Tafolla casting favorable notes as
4 a Weslaco City commissioner authorizing the incentive of
5 over \$100,000 by the Weslaco Economic Development
6 Corporation, as listed in the Indictment, and by casting
7 favorable votes as an Economic Development Corporation board
8 member, as listed within the Indictment, in favor of
9 revisions to the incentive agreement.

10 In accordance with the Incentive Agreement,
11 Defendant Wadhwani also caused the City of Weslaco and the
12 Weslaco Economic Development Corporation to send a \$300,000
13 incentive payment through two interstate bank wire
14 transmissions of \$150,000 each on or about January 3rd, 2014
15 and on or about November 3rd, 2014.

16 The Defendant admits that as a result of these
17 bribes, the City of Weslaco, the Weslaco City Commission and
18 the citizens of Weslaco, Texas were deprived of their right
19 to the honest services of Gerardo Tafolla, a Weslaco City
20 commissioner and Economic Development Corporation board
21 member.

22 During the relevant times listed in Count 1 of the
23 Indictment, Defendant also held an ownership interest in
24 Sarina Group, Limited and Nolana Self Storage, LLC.

25 The Defendant knew of the unlawful purpose of the

1 honest services wire fraud conspiracy, as alleged in Count
2 1, and joined in it willfully.

3 THE COURT: So he was to receive -- the
4 Corporation was going to receive \$300,000.

5 And how much was the bribe that was supposed to be
6 paid?

7 MR. LOPEZ: The Corporation paid out \$300,000 to a
8 company or business entity owned in part of Defendant
9 Wadhwani. Defendant Wadhwani paid at least \$4,000 in bribes
10 that was ultimately funneled to Commissioner Gerardo
11 Tafolla.

12 THE COURT: So the bribe amount was actually
13 \$4,000. The incentive was out there to be had by
14 whatever -- whoever was going to build something.

15 MR. LOPEZ: That's correct, Your Honor, the bribe
16 money was at least 4,000 and the incentive was to
17 Mr. Wadhwani's company.

18 THE COURT: And it was out there that the
19 Corporation was going to be giving somebody \$300,000 or just
20 because now Mr. Wadhwani started talking about a Motel 6, he
21 went to them and then he said, "I need a grant to do this"?

22 MR. LOPEZ: I apologize, Your Honor. When the
23 term "Corporation" is being used, are we referring to the
24 EDC?

25 THE COURT: I'm referring to the governmental

1 corporation.

2 MR. LOPEZ: Okay.

3 THE COURT: I mean, obviously Mr. Wadhwani may
4 have a corporation also, but when I'm talking about
5 "Corporation," it's the Corporation that paid the \$300,000
6 to Mr. Wadhwani or some of his entities.

7 MR. LOPEZ: Your Honor, the agreement -- the
8 purpose of the bribe was to obtain not only the \$300,000 but
9 obtain the \$300,000 on terms that were favorable to what was
10 ultimately Nolana Self Storage and that's laid out --

11 THE COURT: Favorable in that Nolana Self Storage
12 was going to build a motel in Weslaco?

13 MR. LOPEZ: In terms of how the money was to be
14 received, Your Honor. As it tracks out within the
15 Indictment, there's multiple different revisions to this
16 some of which were -- a lot of the money needed to be
17 frontloaded in order to construct this motel.

18 THE COURT: But that's what the Corporation would
19 normally do.

20 MR. LOPEZ: No, that is not what the Corporation
21 would normally do.

22 THE COURT: The Record didn't offer incentives for
23 other people to start businesses and --

24 MR. LOPEZ: Not in the manner in which it happened
25 in this case, Your Honor.

1 THE COURT: Because of the fact that he offered to
2 pay somebody something if you help me, or what?

3 MR. LOPEZ: That's part of it, Your Honor. Not
4 only that, the method in which the payment happens is not in
5 accordance with the way that the EDC typical grants
6 incentive agreements, Your Honor.

7 THE COURT: The method in which the \$300,000
8 happened because it was wired to some other companies
9 outside of the area, is that it or what?

10 MR. LOPEZ: No, Your Honor. Typically when the
11 Weslaco EDC gives out grant money, Your Honor, that money is
12 paid out over large periods of time, not typically
13 frontloaded or given in quick succession as it was in this
14 case, Your Honor, which was predicated by the bribe payments
15 that were made to --

16 THE COURT: But there's nothing that prohibits the
17 Corporation from having done it that way. If they wanted to
18 pay -- give somebody \$300,000 to build a Motel 6, they could
19 have.

20 MR. LOPEZ: That's correct, Your Honor.

21 THE COURT: It's the fact that this was different
22 because it was going to give you instant money rather than
23 payment over a period of time and the incentive -- the claim
24 here is that a \$4,000 bribe was paid to one person who was
25 both a corporation and the city commission; is that right?

1 MR. LOPEZ: That's correct, Your Honor. He was a
2 board member on --

3 THE COURT: To make this quick and not go through
4 the process they might normally go through from the
5 standpoint of incremental payments.

6 MR. LOPEZ: That's correct, Your Honor.

7 THE COURT: But there was nobody else that was
8 bidding or asking to build a Motel 6 in Weslaco.

9 MR. LOPEZ: Your Honor, without getting into the
10 specifics of Motel 6s, Your Honor, I believe that there's
11 certain franchisee rights as to who could choose to do that.
12 There's additional information regarding whether the EDC
13 would have even given any grant money to anybody that was
14 trying to build a hotel or motel in the City of Weslaco at
15 that particular time.

16 THE COURT: They've never given anybody money
17 before for anything in Weslaco?

18 MR. LOPEZ: Your Honor, due to drops in hotel
19 occupancy rates at that period of time, Your Honor, the
20 likelihood of it without the support that was likely
21 predicated by the bribe payments, Your Honor, I don't
22 believe would have been the case.

23 THE COURT: Mr. Wadhwani, so sometime between
24 April 2013 and November 2014, you had some communications
25 with the people that are referred to here as Person A,

1 Person B and Commissioner A and you agreed with them that
2 you would like to get some help from the Corporation and the
3 City with regards to building a Motel 6 in Weslaco.

4 DEFENDANT WADHWANI: Yes, Your Honor.

5 THE COURT: And you explained to them that you
6 would like the money right up front just to what they might
7 be able to provide as an incentive for you to start to be --
8 agree that this Motel 6 would be done.

9 DEFENDANT WADHWANI: I missed -- I'm not
10 understanding you, Your Honor. I'm sorry.

11 THE COURT: You had a conversation with at least
12 one of those individuals referred to as Person A, Person B
13 and Commissioner A --

14 DEFENDANT WADHWANI: I got that part.

15 THE COURT: -- that you wanted the Corporation or
16 the City, as referred to as "Economic Corporation" or
17 whatever the name is --

18 DEFENDANT WADHWANI: EDC.

19 THE COURT: -- that you would like to build a
20 Motel 6 but you would like to build it under the conditions
21 that you would be given an incentive as a startup with
22 regards to this project.

23 DEFENDANT WADHWANI: Yes, Your Honor.

24 THE COURT: And that you wanted them to approve
25 the project and that as a result of that with regards to one

1 of these commissioners through some other individuals
2 possibly you did make a payment of \$4,000 that you knew that
3 commissioner was going to keep for his own -- his or her own
4 personal use.

5 DEFENDANT WADHWANI: Yes, Your Honor.

6 THE COURT: And the purpose of you paying that
7 amount of money was to make sure that this occurred.

8 DEFENDANT WADHWANI: Yes, Your Honor.

9 THE COURT: That the Corporation would agree to go
10 through the \$300,000, that they would agree that the City
11 would also approve this and that then it would be I guess
12 electronically sent outside of the state, the amount of
13 money?

14 DEFENDANT WADHWANI: Outside of the state? No,
15 Your Honor. It was deposited into my account from the City
16 of Weslaco.

17 THE COURT: Did you not indicate that it was sent
18 someplace?

19 MR. LOPEZ: These are interstate bank transfers,
20 Your Honor.

21 THE COURT: Interstate bank but in the same state.

22 MR. LOPEZ: The bank transmissions are in the same
23 state, Your Honor, but they're -- the bank entities also
24 have branches in Texas, Your Honor.

25 THE COURT: But money was transferred interstate.

1 MR. LOPEZ: That's correct, Your Honor.

2 THE COURT: But was going to end up here.

3 MR. LOPEZ: That's correct, Your Honor.

4 THE COURT: And so you knew that paying somebody
5 to receive this was not the right thing to do and it was
6 done through Sarina Group as well as the Nolana corporation
7 and -- that was referred to by the Prosecutor; is that
8 right?

9 DEFENDANT WADHWANI: Yes, Your Honor.

10 THE COURT: And knowing that you still went ahead
11 and did it; is that correct?

12 DEFENDANT WADHWANI: It was a bad mistake on my
13 part, Your Honor, yes.

14 THE COURT: Yes. And it encourages that kind of
15 behavior.

16 DEFENDANT WADHWANI: Well, just one other thing,
17 Your Honor. I hope I don't get -- say this, but everybody
18 got money from the EDC. I was just at the wrong place at
19 the wrong time. That's my opinion, Your Honor. And still
20 not an excuse but, yes, I did.

21 THE COURT: Well, the Court is satisfied that
22 there has been evidence presented here that there has been a
23 violation and that there was a conspiracy involved as
24 alleged in Count 1.

25 You still want to continue to plead guilty; is

1 that right?

2 DEFENDANT WADHWANI: Yes, Your Honor. But I have
3 something I want to say. I hope, you know, you or Bobby
4 don't get upset but the Motel 6 since it's been open has
5 made \$2 million almost for the City of Weslaco and created
6 60 jobs for the last seven years. Just went about it the
7 wrong way because --

8 THE COURT: Well, I am going to -- you tell me you
9 want to continue to plead guilty, but at the time of
10 sentencing you want to make the argument that frankly this
11 was beneficial from the standpoint of the City, but at the
12 same time it is a crime to try to bribe somebody to get
13 something even if it ends up being beneficial and it
14 encourages that kind of behavior, Mr. Wadhwani.

15 DEFENDANT WADHWANI: I understand.

16 THE COURT: And so we'll have all these
17 conversations at the time of sentencing.

18 DEFENDANT WADHWANI: I understand, Your Honor.

19 THE COURT: You still want to plead guilty; is
20 that right?

21 DEFENDANT WADHWANI: Yes, Your Honor.

22 THE COURT: The Court is going to find that his
23 plea is voluntary, not the result of any force or threat or
24 promise other than that recited in his Plea Agreement.

25 I am finding that there is a factual basis for his

1 guilty plea. Since he has acknowledged that he is guilty as
2 charged in Count 1, since he knows of his right to a trial,
3 what the maximum possible punishment is, and since he's
4 voluntarily pleading guilty, I will accept his guilty plea.

5 Mr. Salinas, were you going to say something?

6 MR. SALINAS: No, Your Honor. I'm just going to
7 indicate to Mr. Wadhwani that those are probably issues that
8 would be better suited and discussed at sentencing.

9 THE COURT: Yes, those are issues that can be
10 discussed at sentencing.

11 I will order that a presentence investigation
12 report in your case be prepared, Mr. Wadhwani. The Court's
13 going to order that that Report be prepared by June the
14 26th. Objections to that Report by either the Government or
15 the Defense have to be filed by July 10th. Final Report has
16 to be prepared by the Probation Office by July 24th.

17 Is he going to insist on his 35-day waiting period
18 after that before he is sentenced?

19 MR. SALINAS: No, Your Honor.

20 THE COURT: Sentencing in his case will be as
21 follows:

22 The Court scheduled it for July the 30th at 9:30
23 in the morning in this courtroom. It just depends on how
24 we're doing in July as to the status of the courtroom. I do
25 appreciate your patience with regards to how we're operating

1 but you all know what the reason for that is.

2 I also want to thank the people who attended by
3 phone and I'm sure that you understand why we're proceeding
4 in this fashion.

5 If you all don't have anything else --

6 MR. SALINAS: Your Honor, he's out on bond.

7 THE COURT: Oh, he's out on bond. I've seen the
8 pretrial services release. I realize he's out on bond.

9 Does the Government have any objection for him to
10 continue on a bond while he's awaiting sentencing?

11 MR. LOPEZ: The Government has no objection,
12 Your Honor.

13 THE COURT: The Court's convinced by the standard
14 required by law that he's not likely to flee or impose a
15 danger pending his sentencing so I'm going to continue him
16 on his present bond conditions.

17 MR. SALINAS: And just one other thing, Judge, to
18 handle if the Court wants to.

19 May he be allowed to travel for work related
20 purposes only?

21 THE COURT: You mean outside of the district or
22 outside of the county?

23 MR. SALINAS: Outside of the district. There's
24 some conventions that are coming up. It just depends.

25 THE COURT: Well, I don't know if they're going to

1 have the conventions --

2 MR. SALINAS: Right.

3 THE COURT: -- but if that's going to happen, all
4 he has to do is he can ask the Probation Officer. And if
5 the Government does have any problem, the Court doesn't have
6 any problem if he travels outside the area for business
7 purposes or for any kind of family situation that needs to
8 occur. He hasn't violated any condition of his bond
9 conditions. We've had no issues whatsoever. I don't think
10 we'll have any issues and so therefore I would have no
11 problem if -- and the Probation Office knows that I said he
12 can have those permissions if he asks for them and he gives
13 evidence that those meetings are going to happen.

14 MR. SALINAS: Very well, Judge. Thank you.

15 THE COURT: If you all don't have anything else,
16 you all can be excused.

17 MR. LOPEZ: Thank you, Your Honor.

18 DEFENDANT WADHWANI: Thank you, Your Honor.

19 (Hearing adjourned at 4:22 p.m.)
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1 I certify that the foregoing is a correct
2 transcript to the best of my ability produced from the
3 electronic sound recording of the proceedings in the above-
4 entitled matter.

5 /S/ MARY D. HENRY

6 CERTIFIED BY THE AMERICAN ASSOCIATION OF
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9 JTT TRANSCRIPT #62300
10 DATE FILED: JUNE 24, 2020